

Message Text

CONFIDENTIAL

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ACTION SS-25

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 7496

C O N F I D E N T I A L LIMA 9175

EXDIS

FOR DEPUTY ASSISTANT SECRETARY FISHLOW FROM AMBASSADOR

EO 11652: GDS

TAGS: EIND, EINV, PFOR, PE

SUBJ: MARCONA NEGOTIATIONS

REF: STATE 261398

1. WE HAVE TALKED WITH AMBASSADOR DE LA PUENTE ABOUT THE PROPOSED TWO MEETINGS AT THE COMMISSION LEVEL ON NOVEMBER 10 (ONE IN LATE MORNING AND ONE IN LATE AFTERNOON). DE LA PUENTE SAID THAT IN PRINCIPLE THIS SCHEDULE IS SATISFACTORY TO HIM AND HE WOULD IMMEDIATELY CONSULT WITH OTHER MEMBERS OF PERUVIAN COMMISSION. REGARDING REQUESTED MEETING WITH PRIME MINISTER VARGAS PRIETO, WE ASKED FOR A SESSION WITH HIM EITHER LATE MONDAY (NOVEMBER 10) OR ON TUESDAY MORNING-- SINCE ALL CABINET MINISTERS WILL BE TIED UP BEGINNING AT NOON FOR REST OF DAY IN THE WEEKLY CABINET SESSION. DE LA PUENTE SAID HE ASSUMED THAT FOREIGN MINISTER DE LA FLOR SHOULD BE PRESENT, AND WE SAID THAT YOUR MISSION WILL BE PLEASED TO MEET WITH HIM AND OTHER MINISTERS AS VARGAS PRIETO AND DE LA FLOR MAY AGREE. HE SAID HE WOULD IMMEDIATELY DISCUSS THIS PROPOSAL WITH DE LA FLOR. DE LA PUENTE ALSO SAID HE WOULD TELEPHONE EMBASSY ON FRIDAY TO CONFIRM ALL OF FOREGOING ARRANGEMENTS. HE REPEATED THAT HE SAW NO PROBLEM WITH PROPOSED NOVEMBER 10-11 MEETINGS, AND ADDED THAT PERUVIAN MISSION IS ACTIVELY ENGAGED IN GATHERING NEEDED INFORMATION FOR CALCULATION OF LEVEL OF MARCONA COMPENSATION.

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2. I HAVE REVIEWED BOTH OUR WRITTEN RECORD AND RECOLLECTIONS OF OUR MEETINGS WITH FURTH, AND CANNOT COME UP WITH ANY CONFIRMATION THAT EMBASSY EVER MENTIONED \$75 MILLION FIGURE TO FURTH. ON THE CONTRARY, IN OUR REPORTING TO WASHINGTON WE HAVE CONSISTENTLY DISCUSSED REPORTS AND RUMORS FROM PERUVIAN SOURCES INDICATING A POSSIBLE SETTLEMENT IN THE \$25-30 MILLION RANGE. FOR THAT MATTER THE ONLY TIME WE CAN RECALL MENTION OF A \$75 MILLION FIGURE WAS A SUGGESTION BY FURTH HIMSELF THAT MARCONA MIGHT SETTLE FOR SAID AMOUNT. THIS FIGURE CAME OUT IN THE DISCUSSION EARLY LAST MONTH WHEN FURTH AND COMPTON WERE TELLING US OF THEIR HAVING MENTIONED A \$100 MILLION NET FIGURE TO VARGAS PRIETO AND THE OTHER NINE MINISTERS WITH WHOM THEY HAD TALKED. AT NO TIME DO I RECALL EVER HAVING MENTIONED THAT THIS EMBASSY EXPECTED OR PREDICTED A SETTLEMENT AT THE \$76 MILLION LEVEL, NOR HAVE WE EVER RULED OUT A SETTLEMENT AT THAT LEVEL.

3. AS I HAVE TOLD FURTH ON VARIOUS OCCASIONS, IN MY CONVERSATIONS WITH PERUVIAN OFFICIALS I HAVE FREQUENTLY SAID THAT A SOLUTION SHOULD BE FOUND INVOLVING A SETTLEMENT SOMEWHERE BETWEEN ZERO, WHERE THE GOP STARTED OUT, AND THE \$172 MILLION THAT MARCONA HAD ASKED FOR. I THINK I HAVE GOTTEN THIS POINT ACROSS TO THE SENIOR LEVELS OF GOP. FOR EXAMPLE, FONMIN DE LA FLOR TOLD DCM NOVEMBER 3 THAT THE QUESTION OF WHICH VALUATION METHODOLOGY TO USE IS ONLY OF SECONDARY IMPORTANCE, WHILE ARRIVING AT A REALISTIC FIGURE IS THE MAIN POINT OF THE TALKS. WITHOUT GIVING ANY FIGURE (OR RANGE OF FIGURES) HE SAID THAT "AS IN THE CASE OF THE GREENE SETTLEMENT" A "PRAGMATIC SOLUTION" SHOULD BE FOUND TO SETTLE THE COMPENSATION ISSUE. DE LA PUENTE HAS INTIMATED THE SAME IN PRIVATE CONVERSATIONS WITH ME. HOPEFULLY YOUR TALKS NEXT WEEK WITH PERUVIAN COMMISSION WILL GIVE US ALL MUCH CLEARER IDEA OF WHAT THAT REALISTIC FIGURE MIGHT BE.

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